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ABSTRACT

This guide explains the reasons for employing the case method as a tool in the academic discipline of aviation. It promotes the use of case writing as a unique opportunity to derive even further benefits from case analysis. The benefits to students of using case writing as a learning strategy include a focus on the strategy of a real situation; development of an ownership interest; and development of reasoning, decision making, judgment, group dynamics, formal written and oral communication ability, and organizational skills. This is a teacher's guide that includes the course syllabus, schedule and practical tips on introducing the concept of case study, assigning groups, selecting a topic, and assigning roles. Other topics covered are case writing guidelines, case components, timeline for case writing of individual and group projects, case development, case presentations, case evaluations, peer evaluations, group self evaluations, examples of case writing, and a breakdown of those sample cases. (DDR)

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UNOAI Report 94-2

Interactive Learning: The Casewriting Method as an Entire Semester Course for Higher Education: Teacher's Manual

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January 1994

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ABOUT THE AUTHORS

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INTRODUCTION

Case study has been well received as a tool in the academic discipline of aviation as well as in numerous other fields. The case method was first regularly used as a teaching methodology in graduate business programs at Harvard University. Now case analysis and discussion is used in many areas of education and at all levels including most introductory courses. Mini-cases have provided significant opportunities to bring "real world" situations to the classroom. Consequently, the case method has substantially enhanced the teaching of college courses, including aviation, business, education, engineering, health care, as well as many other academic disciplines.

Case writing provides a unique opportunity to derive even further benefits than are derived from case analysis. When applying the case writing methodology, students become enthralled in the strategy of a real and strategic situation. An ownership interest emerges as the process of writing the case evolves. The benefits to the process are numerous. Case writing allows the student to further develop the life long learning skills of reasoning, decision making, judgement, group dynamics, formal written and oral communication ability, and organization. Issues of computerization, research, and internationalization will also be presented.

The purpose of this text is to provide a step by step guide on how to teach a semester course using the case writing methodology. The process is presented by providing an example syllabus and schedule for a typical academic term. The schedule is then further explained and information in the text is presented in the chronological order as it would be presented in the classroom using the example schedule provided. It should be noted that the schedule presented utilizes both group case writing and individual case writing. A course in case writing can include

group, individual, or a combination of group and individual projects.

Professor's may also wish to utilize mini-cases. Mini-cases are an excellent way to introduce students to the case methodology and prepare them for an in depth case writing project. They can also be used as an essay exam or in lieu of a traditional research paper. Mini-cases are papers which contain the basic components of a case as described in this text, but are only one to two pages in length. Mini-cases can be based on an article in a newspaper or magazine or any other source that presents a current issue or problem in the students related field.

SYLLABUS AND SCHEDULE

To begin the case writing course, a syllabus and schedule should be provided to the students at the first class session. An example of each is provided here. The syllabus will present an overview of case writing as a semester course. It also includes evaluation criteria to assist in determining final grades. The evaluation criteria will be discussed in detail later in this manual.

The schedule is an example of the type of schedule which has been successfully implemented at the University of Nebraska at Omaha, Aviation Institute, to teach case writing as an entire semester course. The schedule is flexible and may be modified to meet the needs of a particular class setting.

Modification may be made to scale the case writing process back to a scale that may be used as a class project or in lieu of a term paper. Consequently, the method may be explored on a reduced scope in a traditional course prior to full implementation.

UNIVERSITY OF NEBRASKA AT OMAHA - AVIATION INSTITUTE

Aviation 4900: Aviation Research, Sp. 1993

Time and Place: Monday, 5:30pm - 8:15pm, Room 403 Allwine Hall

Instructor: Dr. Brent Bowen, Director of the Aviation Institute

Office: 422 Allwine Hall

Address: Aviation Institute
Allwine Hall 422
University of Nebraska
Omaha, NE 68182-0508

Office Phone: 554-3424
FAX: 554-3781

Contact Hours: One hour before and after class and by appointment at your convenience, call Karen Ressegieu at 554-3424 to schedule

Required Text: UNO Report - 93-1, Interactive Learning: The Casewriting Method as an Entire Semester Course for Higher Education

Course Description: This course will introduce the experimental casewriting method of interactive learning. Aviation issues within the total aviation industry will be explored.

Objectives: To develop the technique of casewriting as a method for interactive learning. To further develop the life long learning skills of reasoning, decision making, judgement, group dynamics, formal written communication ability, and organization.

Written Communication Skills Component: Written skills development will result from the casewriting experience.

Oral Communication Skills Component: Both in-class student presentations and group activities will be utilized to facilitate the development of oral communication skills.

Computer Component: Computer applications in aviation will be a component of classroom presentations. Computer literacy will be demonstrated through projects which may be completed through the utilization of the UNO computer labs.

International Component: This component will be accomplished through the presentation in class of global issues in aviation.

Research Component: Research skills will be developed during this course. Library research, primary data collection, and secondary data utilization will be explained throughout the semester.

Schedule: Schedule of Readings and Assignments will be provided. Announcements concerning schedule changes will be made in class. Everyone is responsible to keep informed on changes announced in class. Therefore, network with other students in class to maintain communication. It is not necessary to notify the instructor if you can not attend a session.

Classroom Structure: Class meetings will focus on current professional literature, student presentations of assignments and projects, student and instructor experiences in the field, and outside resources. Videos and guest speakers may be utilized to provide case ideas and enhance discussion on aviation issues. Preparation for class is crucial! A discussion group format (like a graduate seminar) is the preferred teaching method. Those who prepare will be rewarded.

Evaluation Criteria

Major Assignments: As the major assignment for this course, one group casewriting exercise and one individual casewriting exercise will be required. Both exercises will be presented to the class.

Quizzes: There will be both announced and unannounced quizzes. The number of unannounced quizzes will be determined by class attendance and demonstration of preparation for class through active participation in class discussion and completion of assignments i.e. when attendance is poor, and the class does not seem prepared to discuss the assigned material, BEWARE!

Attendance/Participation Grade: This is a subjective grade based on the instructors' perception of your performance in class. This is worth 10% of your final grade. Those who may become interested in extra-credit for borderline situations should pay special attention to this grade component early in the semester.

Final: This will be an opportunity to pull together all of what you have learned during the semester. It could be either a final project, case analysis, or other requirement.

Point Distribution:		Grading Scale:	
Group Case	250	A+	970 - 1000
Group Case Presentation	100	A	900 - 969
Individual Case	250	B+	870 - 899
Individual Case Presentation	100	B	800 - 869
Quizzes/Misc.	100	C+	770 - 799
Attendance/Participation	100	C	700 - 769
Final	100	D+	670 - 699
	===	D	600 - 669
Total	1000	F	0 - 599

Miscellaneous:

Late assignments will be penalized one letter grade per day.

Not all work will be returned to you, so make copies of any class assignments you wish to keep.

All assignments should be typed. You may utilize the UNO computer lab's word-processing capabilities.

Any deviations from the grading policy will be issued to the class in writing.

No Incompletes will be issued for this course. Military personnel should make prior arrangements before going TDY. Business/Job requirements: every consideration will be given to accommodate your situation if required to miss any course sessions.

For specific requirements for the casewriting format, refer to the Additional Notes section of the text.

Questions:
Questions proposed addressed the principal issues of the case.

O____ E ____ VG ____ G ____ AC ____ P ____ VP ____

Answers presented were complete and appropriate given the subject's environment.

O____ E ____ VG ____ G ____ AC ____ P ____ VP ____

General Discussion:
Additional information was provided to stimulate a group discussion.

O____ E ____ VG ____ G ____ AC ____ P ____ VP ____

General:
Organization of the information was professional.

O____ E ____ VG ____ G ____ AC ____ P ____ VP ____

Grammar and writing style were proficient.

O____ E ____ VG ____ G ____ AC ____ P ____ VP ____

Referencing (where applicable) was intact.

O____ E ____ VG ____ G ____ AC ____ P ____ VP ____

Neatness and Technical Form showed professionalism.

O____ E ____ VG ____ G ____ AC ____ P ____ VP ____

Additional Comments:

_____
_____
_____
_____
_____
_____

O = Outstanding	100%	A+
E = Excellent	95%	A
VG = Very Good	90%	A-
G = Good	85%	B
AC = Acceptable	75%	C
P = Poor	65%	D
VP = Very Poor	55%	F

Aviation 4900 **Class Schedule** Spring 1993

Note: This schedule is subject to change. Announcements will be made in class regarding these changes.

DATE		TOPIC
Jan	11	Introduce the Concept
	18	Assign Groups - Discuss Potential Topics
	25	Select a Topic - Assign Roles
Feb	1	Library Session - University Library Room 204 (first floor)
	8	Work Session on Case Development
	15	Abstracts Due
	22	References Due
Mar	1	**First Draft of Individual Case Due**
	8	Work Session on Draft
	15	**First Draft of Group Case Due**
	22	No Class - Spring Break
	29	**Individual Case Due** - Individual Cases Presented
Apr	5	Presentations - continued
	12	Work Session on Group Case
	19	**Group Case Due** - Work Session on Group Presentations
	26	Group Cases Presented Graded Cases Returned Review and Evaluation

Final Exam: Monday, May 3, 5:30pm - 7:30pm

CASE WRITING METHOD TIME-LINE

As noted from the example schedule, the course may include both individual and group case writing assignments. Utilizing both projects allows the students to not only develop skills in working in a group environment but also allows them to explore topics of particular interest to them through the individual project. The following suggested time-line provides further information on how to develop a schedule which incorporates both the group and individual cases in a traditional academic semester:

Week 1	Introduce the Concept
Week 2	Assign Groups - Discuss Potential Topics
Week 3	Select a Topic - Assign Roles
Week 4	Working Session on Case Development
Week 5	Abstracts Due
Week 6	10 References Due
Week 7	Working Session on Draft
Week 8	1st Draft Due
Week 9	Review Components of a Case
Week 10	Working Session on Draft Revision
Week 11	Peer Evaluation of Drafts
Week 12	Working Session on Final Draft
Week 13	Working Session on Formal Presentation
Week 14	Presentations and Self-Evaluation
Week 15	Graded Case Returned

Week 1 - Introduce the Concept

On the first class session distribute the student information sheet shown on page 12. This form provides important information for the professor in regards to contacting the students and student interests. Have the students exchange sheets and introduce each other to the class. Since group case projects require the students to work closely together, this provides the opportunity to get acquainted and to speak to the class in an informal setting. During this first week, introduce the concept of case writing to students. Be sure to address all the components of the case and case note as described. You may want to consider providing examples of previously written cases for them to examine.

Week 2 - Assign Groups - Discuss Potential Topics

Determine groups, allow the group members to get acquainted and discuss potential topic areas.

Week 3 - Select a Topic - Assign Roles

The topics should be selected by Week 3 for both group and individual cases. Groups should also assign roles, as described in this text.

Week 4 - Working Session on Case Development

Some class time should be taken to let the students work on development of the case. Review the components of the case and the case format.

Week 5 - Abstracts Due

Students should turn in a completed abstract by this time for the professor to review. The abstract consists of a one page summary of the case and should include the problem or issue which will be discussed. Abstracts are required for both group and individual cases.

Week 6 - 10 References Due

A list of ten possible references for each required case should be turned in at this time. References may include; books, articles, personal interviews, etc. Use this opportunity to ensure that there will be an adequate amount of information available on each topic to prepare an entire case. It is not necessary for each reference on the list to appear in the case. Prior to this deadline, professors may want to consider scheduling a class session in their campus library in order to allow students to become familiar with the library system and locating available resource materials. In order to schedule this session, contact your library reference specialist.

Week 7 - Working Session on Draft

Class time should be devoted to help students work on their draft revisions.

Week 8 - 1st Draft Due

Draft should be turned in at this time for the professor to make comments and suggestions for improvement. The draft should be typed, in the proper format, and should contain all the components of the case and case note. If both group and individual cases are assigned, the professor should stagger the due dates for the drafts (as in the example schedule) in order to allow adequate time for the students to prepare the drafts.

Week 9 - Case Components

After reviewing the drafts, the components of the case and case note will be reviewed and general suggestions made by the professor. Be sure to address any problems that repeatedly appeared in the drafts.

Week 10 - Working Session on Draft Revision

Class time should be devoted to work on revisions to the case draft.

Week 11 - Peer Evaluation of Draft

Drafts of the case will be exchanged for students to evaluate each others work. This is a good opportunity for someone outside the group to proofread the draft for errors and overall content.

Week 12 - Working Session on Final Draft

Class time should be devoted to working in final draft.

Week 13 - Working Session on Formal Presentation

Class time should be devoted to working on the formal presentations. Further guidelines for the presentations are shown on page 26. This is a good opportunity for groups to rehearse their presentations and check any visual aids they plan to use.

Week 14 - Presentations and Self-Evaluation

Students will be expected to present all cases, both group and individual. The presentations will be evaluated by the professor and the other students in the class.

Week 15 - Graded Case Returned

Graded cases will be returned and students will receive information and instructions regarding the final assignment or exam.

STUDENT INFORMATION SHEET

Semester:_____

Name:_____

Student ID Number:_____

Street Address:_____

City:_____ State:_____

Zip Code:_____ Home Phone:_____

Employer:_____ Work Phone:_____

How did you become interested in this field?

_____
_____
_____
_____
_____
_____
_____
_____

What career field most interests you?

_____
_____
_____
_____
_____
_____
_____

Why did you choose this class?

_____
_____
_____
_____
_____
_____
_____
_____

INTRODUCE THE CONCEPT

The first week of the course should be devoted to explaining the concept of case writing to the students. Since this course is often the students first involvement with writing a case, be sure to review the components of the case often. Example cases from case books or from previous classes should be provided to students for review. In addition, students will appreciate knowing that there are no exams and that all group work can be done in class.

DEFINITION OF A CASE

There are many definitions of what a "case" is, and what purpose its study should serve. For the purpose of this endeavor, a case shall be defined as a report written in narrative form which describes a problem or issue and the alternative decisions towards a solution to the situation. According to Pletcher and Limbo, the "case study method is the process of investigation of a situation and the generation of new knowledge" (1984).

A case is a factual account of a situation, and therefore, must be meticulously written with regard to verity. Bias must be avoided. The case should involve a time pattern with data and events presented in chronological order. This time structure is needed in order to aid the reader in his/her understanding of the information presented. In addition, enough detail must be provided to allow the reader to fully understand the situation. The writer should be careful when making assumptions concerning the reader's knowledge of the subject. The case should be written in such a manner that the reader can express an opinion even if no prior knowledge of the company or industry exists. This means the case should be quite informative on the details of the subject and the status of the industry. While sufficient detail is required, ordinarily the case should be relatively short. The reader should not be bogged down with superfluous information.

COMPONENTS OF THE CASE

There are two sections of the final case writing project, the case and the case note. The case section includes; title page, introduction, history, environmental background, case situation, and strategic issue. The case note includes; case overview, case objectives, questions, general discussion, final comments, and references. An example of a case written in the required format, with all components can be seen following the grading summary in this manual. The information below gives detailed instructions for each section of the final written case. In addition, a breakdown, by case section, of two example cases is included.

CASE

Title Page - A title page will be provided as the cover for the case. It should include the title, which should accurately represent the intended thesis/content of the case, and the author's name or names of all group members. This is the only place these names need appear.

Introduction - The introduction should be one or two paragraphs which creates interest and provides a brief overview of the topics. Issues or problems to be addressed should be presented. If applicable, it should also establish the time frame, and name and location of the company(s) involved. The introduction will set the tone for the entire case. Be sure that the issues presented in the case are consistent with those presented in the introduction.

History - This section, approximately one page, will be a presentation of all appropriate background information pertinent to the case. Any information such as company history, past trends, etc., which will be necessary to understand the case should be included here.

Environmental Background - This is similar to the history, but includes only recent issues pertaining to the case. This may include recent developments in the case subject itself or comparative recent issues in the industry. It is also approximately one page in length.

The Case Situation - This will be the development of the case scenario which leads up to the strategic issue. It should present any information on the current status of the case subject that is necessary to understand the issues, including any statistical information or comparative analysis between companies, services, situations, products, etc.

Strategic Issue - This is the presentation of the main issue of the entire case. This section should be concise, a few paragraphs. The issue does not necessarily have to be a problem statement. This section should be used only to clearly explain the issue or problem, not to present a specific solution. Discussion of the available options and any suggested solutions should be addressed in the questions section. Also, the strategic issue should be based on information which has previously been provided in the case, not on personal opinion or bias.

Questions - Questions should be provided here. They will be repeated and answered in the Case Note.

CASE NOTE

Case Overview - This will be a detailed summary (abstract) of the case. This is typically one page which provides the reader with enough information to develop a basic understanding of the case.

Case Objective - This is a list of at least five learning objectives intended to result from this case. This should represent the author's purpose in writing the case.

Questions - Offer four or more questions (with detailed answers included) which address all major issues of the case. The questions should address the intended learning objectives of the case. Alternative solutions and recommendations should be included in this section. Detailed and complete answers also should be included. The answers must clearly and comprehensively respond to the questions raised and be based entirely on previous information provided in the case. In addition, the questions should be listed without answers (for teaching purposes) on a separate sheet of paper before the case overview. (See the Lear case example on page 38)

General Discussion - Provide additional information to facilitate a class discussion on the case. For example, you could include the actual outcome of the "real" situation, a data set for analysis, or additional issues related to your topic which were not previously presented. All information presented here should be unbiased.

Final Comments - If needed, use this section to discuss or present any additional information or observations which would not be appropriate for another section. This is the only section which may include personal opinion or bias.

References - Document all sources of information which were used to develop this case. Use the APA Manual of Style format.

BREAKDOWN OF EXAMPLE CASES BY SECTIONS

	Mutual of Omaha's Switch from Lear's to Falcon's	Critical Times for American Airlines (AA)
Introduction	-stated length of time they operated with Lear Jets -issue statement: analysis of decision to acquire Falcons	-presented AA relationship to AMR (parent company) -issue statement: AMR faced with management decisions regarding financially weak American Airlines
History	-detailed history of the company's flight department -background on personnel involved in decision making	-concise history of AA, including past revenues and losses
Environ-mental Background	-presented current operating procedures of the flight department	-described recent developments in AMR, including proposed plans with other carriers
Case Situation	-presented initial motivation to begin decision making process -presented comparative analysis of all aircraft considered	-included current financial condition of AA and AMR
Strategic Issue	-presented the issue, did the the company make the proper decision regarding aircraft selection?	-presented the issue, what course of action should AMR take in regards to AA? -proposed three alternative strategies
Case Overview	-summarized events leading to the decision -restated the issue	-summarized economic status of industry and AMR -restated the issue

Case Objective	-provided list of five learning objectives	-provided list of five learning objectives
Questions	-presented three questions and answers -exp: What factors should be considered when deciding which aircraft best suits a company's needs?	-presented four questions and answers -exp: Could AA reduce their costs? How? What effects may occur?
General Discussion	-present other related issues such as hidden expenses (maintenance, insurance, etc)	-present additional areas such as the effects of downsizing on employment, communities, etc.
Final Comments	-includes authors personal opinion of decision made	-presented personal opinion on alternative approaches to the problem, specifically foreign ownership

ASSIGN GROUPS - DISCUSS POTENTIAL TOPICS

The following are some guidelines which may be used to divide the class into groups. It is suggested that groups consist of four to five students. This allows each student to maintain an adequate workload. Group assignment can be determined by utilizing the student information sheet. Review the responses regarding career fields and interests. Use these responses to group the students into teams based on similar interests. After the groups have selected their final topic as described below, offer the students the opportunity to change to another group if they are more interested in another group's topic. This may be accomplished by arranging a "trade", a student who would switch groups with another student. This would allow for a fair exchange which would keep the number of group members equal.

Allow time for the groups to meet and get to know one another. They may want to discuss their responses to the student information sheet in order to become acquainted. During this time, students should be discussing common interests and the various areas which they may want to consider for the case. This should be just an informal meeting for the students to discuss broad subject areas in order to prepare for further topic development and selection in the week ahead.

SELECT A TOPIC - ASSIGN ROLES

To facilitate topic selection, have the class divide into their groups. Ask them to brainstorm for a set amount of time on potential topics related to their areas of interest. Remind the students of the rules on brainstorming (record all potential topics, do not critique suggestions, etc.). Have the students discuss the list of topics in regards to the following guidelines for topic selection.

1. Is it a topic of interest to the individual or group?
2. Is there a clear problem or issue involved which can be addressed?
3. What knowledge or skills will be gained by focusing on this topic?
4. Is there enough information to a) provide a factual account of the subject, b) thoroughly understand the topic and related issues, and c) to make unbiased determinations of alternative courses of action to address the problems or issues involved?

Provided below are examples of cases written by students which meet the above criteria. The case titles and a brief description of the content is included.

A Twenty Million Dollar Decision: Mutual of Omaha's Switch from Lear Jets to Falcon Jets - Provided a detailed look at a corporate flight operation and presented the analysis and decision making process involved in aircraft selection.

Critical Times for American Airlines: Examining Measures Which May Save a Failing Giant - Presents the factors which effect the financial status of a major airline and discusses the alternative solutions available to management.

Denver International Airport - Analyzes Denver's available options for airport expansion and resultant decision to build the new international airport.

If the group is unable to agree on a topic, have them narrow the list to three or four topics and take a vote to determine their final selection. As the topic is developed, the group may discover that for some reason, lack of information for example, they wish to change their topic. This may be allowed if the group has adequate time to meet the case deadlines.

ASSIGN ROLES

Each group will be responsible for creating and presenting one, complete case. It will include all the previously mentioned components. It is the responsibility of the group to equitably divide the duties required to accomplish this task. The following divisions of labor are only suggestions which can be modified at the groups' discretion.

Suggested Group Member Roles:

Group Leader- responsible for coordination of the project including preparation of the final document. Will be the liaison between the group and the course instructor. Also will coordinate the formal presentation of the case to the class.

Intro Writer- responsible for writing the introduction and setting the tone for the case.

Background Writer- this person will write the background narrative.

Strategist- responsible for writing the problem statement and material leading up to the conclusion of the case narrative.

Research Coordinator- will gather all pertinent data and provide it to case participants. This may include interviews as well as library research. Will also prepare the bibliography.

Analyst- will develop the questions and answers [alternatives] to the case.

Regardless of how the roles are assigned, it is important for students within the group to communicate their activities and work closely together to ensure that all understand the focus and direction of the case.

CASE DEVELOPMENT

Once the topic has been determined, further development continues to prepare the case. According to Earl C. Young (1989), the case should be written in a way that allows alternative appraisal and interpretations of the situation, and consequently, elective courses of actions. The following steps, developed by Pletcher and Limbo, are a guide to case development.

1. Select a company or topic to research, depending upon your preference.

2. Locate and scan the literature concerning your selection. Library personnel may be of assistance. As you read, define problems (issues) and influences upon them (people, circumstances, etc.).

3. Read the available literature and take notes. Keep specific page references on all relevant data. Prepare a bibliography of sources used.

4. Prepare a first draft of the case. It may be useful to review several case examples to establish the proper format. Your case will need two literary elements; story and plot.

   a. Story -- The facts of the case need to be presented in an understandable and accurate way. The time period must be clear, and occurrences should be presented in chronological order so that there is a logical time structure. The case must center around an important decision. As the case develops chronologically, add an expository structure, filling in descriptive background details which are relevant to the case.

   b. Plot -- Build some drama and suspense into the case. Think of the "cast of characters" in the story, and develop them individually and as a group. Develop the clash of ideas or the consequences of the decision. Make the case interesting to read. Use short, concise sentences. Write in a narrative style that makes the reader believe he is witnessing the events. Use the past tense. Put all data possible in table form within the main text.

Number the tables consecutively, and use letters to label the appendices.

5. Prepare a solution to the case, using all techniques applicable to your topic. State the symptoms of the situation and note where failures may have occurred. State the alternative courses of action and the pros and cons of each. Prepare solutions for each alternative. Select the best alternative, and support it.

6. Cool off for a day or two. (Get away from the case).

7. Edit the case and solution. Ask yourself these questions: Is the case clear and logical? Is it accurate? Are all facts referenced? Is enough detail included to arrive easily at the proposed solution? Is it interesting? Is there a dynamic problem-solving situation?

8. Be sure to proofread. Check for grammatical errors. Review your solutions for ease of comprehension. Ask someone else to review and critique your materials.

ABSTRACTS AND REFERENCES

Students are required to turn in an abstract and list of references for each case assigned. Abstracts should be a one page summary of the intended case. It includes a clear description of the subject of the case and the main issues involved. This is a good opportunity for the professor to make sure that the students are on the right track and are making progress on the project. The abstract can also be used as part of the 100 point quiz grade component.

The list of references can also be used to fulfill a portion of the quiz requirements. The purpose of the references is again to ensure that students are making progress on their research for the case. In addition, if students have difficulty locating ten references that relate to their topic, they may need to consider another topic idea. It is not necessary that each reference on this list appears in the final case project. However, it should also be explained that students should continue to gather research and are not limited to this list.

DRAFTS OF THE CASE

The next several weeks of the course are devoted to working on the drafts of case. Initially, students will be preparing a first draft of the case. This draft should include all the components of the case. This is a good time to review these components again with the students. First drafts should also follow all guidelines established by the professor such as typed, double spaced, etc. First drafts will be required for all cases. The professor may want to consider accepting this first draft as the final case if it meets the criteria as a final case project. If the first draft is good enough to accept as a final version of the case, the students will be finished with the written project early and only have the presentation remaining.

If the first draft is not acceptable as a final project, the professor should make suggestions for improvements and allow additional class time for students to make revisions to the case. In addition to the professor's evaluation, it can be helpful for the other students in the class to evaluate each other's work. Allow the students to exchange papers and read their peers work. This accomplishes two goals; 1) it allows an opportunity for someone to proofread the cases for content, grammar, etc. and 2) it allows the students to see the quality of work that their peers are preparing. After students have received input from the evaluations, they can revise the case and continue their preparation of the final case.

ADDITIONAL GUIDELINES

1. Case must be submitted on disk using WordPerfect 5.0\5.1, ASCII, or DOS Text.

2. Hard copy submitted should include a complete copy of all reference material.

3. For group projects, all participants will be accountable for the complete document i.e. proofing, flow, accuracy,.....

4. Consequently, plan enough time so that all team members may review the case before it is submitted. Be sure to proofread several times. Using someone outside the group to proofread the case can also be very effective.

5. Format of the case must follow the example set in the case which is provided.

6. The final project must include all components of the case and teaching note.

7. The final project should be stapled only. Do not include any type of report covers.

CASE PRESENTATIONS

All cases, both group and individual, will be presented. Students will be expected to present their case project (including the case note) to the class. The following are some guidelines to follow for a successful presentation.

1. Presentations should be approximately 10 minutes for individual projects and 20 minutes for group projects.

2. For group projects, all group members will be expected to participate in the presentation.

3. All case and case note components should be addressed.

3. An abstract should be provided to every member of the audience. The abstract is a one page summary which provides the reader with a basic concept of the case. It should be typed and contain the name of the case and the author's name(s).

4. The presentation should be as professional as possible. This includes attire.

5. Well before the presentation, try out any visual aids you plan to use. Make arrangements for any audio/visual equipment you may need.

6. REHEARSE - A good, formal presentation requires proper planning and rehearsals far enough in advance so that the presenter(s) can make any necessary changes.

CASE EVALUATIONS

Students will be evaluated in several areas. Evaluations will be made by the professor and the students. A thorough explanation and breakdown of the grading scale used in the example syllabus is provided on page 35. The following evaluations will be used to analyze case projects.

Written Case Evaluations

The written case will be evaluated by the professor in accordance with the grading summary found on page 28. This evaluation allows the instructor to a) ensure all components of the case were properly addressed and b) provides a quantitative method for evaluating qualitative material.

Instructor Evaluation of Presentation

The professor will evaluate the presentation in accordance with the grading summary on page 30.

Peer Evaluation of Presentation

The other students in the class, the audience, will evaluate the presentation. These evaluations are shown on page 31. By evaluating their peers, students are able to identify the strengths and weaknesses of the presentations which allows them to improve on their own presenting style.

Group Self-Evaluations (group projects only)

All group members will be asked to evaluate the other members of their group based on their contribution to the project. This information will be factored into the individual group members overall score for the written group case. In this manner, student grades will reflect their level of participation in the overall group project. An example of this evaluation can be seen on page 29.

WRITTEN CASE EVALUATIONS

Name - Case Study Title -

Introduction:
The introduction provided a brief overview of the topic and related issues.

O____ E ____ VG____ G ____ AC ____ P ____ VP ____

History:
An adequate number of relevant facts were offered to provide all appropriate background information pertinent to the case.

O____ E ____ VG ____ G ____ AC ____ P ____ VP ____

Environmental Background:
An adequate number of relevant facts were supplied to provide a comprehension of the industry in general and pertinent recent issues.

O____ E ____ VG ____ G ____ AC ____ P ____ VP ____

The Case Situation:
The internal and external analysis of the strengths, weaknesses, opportunities and threats (SWOT) of the subject was complete.

O____ E ____ VG ____ G ____ AC ____ P ____ VP ____

Strategic Issue:
The identification of the main issue(s) in this case and the statement thereof was clear and convincing.

O____ E ____ VG ____ G ____ AC ____ P ____ VP ____

Issues identified in the case were consistent with the facts presented.

O____ E ____ VG ____ G ____ AC ____ P ____ VP ____

Case Overview:
A detailed summary (abstract) of the case was provided.

O____ E ____ VG ____ G ____ AC ____ P ____ VP ____

Teaching Objective:
A list of learning objectives intended to result from this case were provided.

O____ E ____ VG ____ G ____ AC ____ P ____ VP ____

PRESENTATION EVALUATION

Name - Case Study Title -

Adequate information was provided for each component of the case and teaching note.

O____ E____ VG____ G____ AC____ P____ VP____

The identification of the main issues was clear and consistent with the information presented.

O____ E____ VG____ G____ AC____ P____ VP____

An abstract which summarized the case and the related issues was provided for each member of the audience.

O____ E____ VG____ G____ AC____ P____ VP____

The presentation was professional (including attire) and the presenter(s) was well prepared.

O____ E____ VG____ G____ AC____ P____ VP____

Audio/visual aids (if applicable) were clear, readable and enhanced the presentation.

O____ E____ VG____ G____ AC____ P____ VP____

Each member of the group (if applicable) participated in the presentation.

O____ E____ VG____ G____ AC____ P____ VP____

Additional Comments:

_____
_____
_____
_____
_____
_____

O = Outstanding	100%	A+
E = Excellent	95%	A
VG = Very Good	90%	A-
G = Good	85%	B
AC = Acceptable	75%	C
P = Poor	65%	D
VP = Very Poor	55%	F

PEER EVALUATION OF PRESENTATION

Please evaluate the following areas of the presentation. List the name of the case, date of the presentation, and the name of the presenter(s). Use the scale provided to rate the presenter(s) in the categories listed on the chart. You are also encouraged to include additional comments in the space below.

1 - Outstanding
2 - Excellent
3 - Satisfactory
4 - Fair
5 - Poor

Case Title: _____

Date: _____

Team Member	Appear-ance	Subject matter valid	Prepared well	Quality of research	Overall score

Strengths:

Weaknesses:

Additional Comments:

GROUP SELF-EVALUATIONS

Multiply the number of members in your group by 100 - assume that this is the total number of points you have to distribute. Then allocate these points to each individual group member (including yourself) in accordance to their contribution to the group effort.

For example, if your group was comprised of 5 members you would have 500 points to distribute. If each of these five members contributed equally, you could give each member 100 points. If, however, everyone did not contribute equally, you must adjust your allocation accordingly - but you still must allocate a total of 500 points.

Group Member	Points
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Total Points _____

(No. of Members X 100)

FINAL EXERCISE

If the professor chooses to administer a final exam, an example is provided here. This exam provides the student with the opportunity to express their understanding of the case writing process by analyzing a case written by another member of the class. In addition, the students will demonstrate their ability to read and understand the case and case note in order to determine the main strategic issues involved. Students can also be evaluated on the basis of their written skills on regards to their responses to the final exam questions. In order to administer the exam, students should be provided with copies of the various cases which were completed by the class. This can include both individual and group cases.

FINAL EXAM EXAMPLE

Select a case study ***other than one which you worked on*** and a "Blue Book". Complete the information requested on the cover of the blue book: Name, Subject = the title of the case you are analyzing, Instructor, Seat number = disregard, Section = course number, Date, Grade is for the professor to record. Please do not mark on the case. Answer the questions below. Insert the case and this instruction sheet in the blue book and return them to the test monitor. Write or print very legibly. Write only on the front of each page.

Questions: Number each response.

1. What is the primary strategic issue of the case?
2. Thoroughly answer each question at the end of the case. If there was not enough information provided in the case to answer the questions, state so and explain what further information would be required to properly address the question. Number your responses 2A, 2B,..., as needed.
3. What were the major strengths of this case? One paragraph or more.
4. What were the major weaknesses of this case? One paragraph or more.
5. Describe what must be done for this case to be used again in future classes.
6. Your evaluation on this question will be based on your similarity to my summary evaluation of the case you selected. On a scale of 0-10, with 7 being average "C", rate the following items: Write the item letter only (i.e. 6a.) and your score in the blue book.

a.____ Neatness and Technical Form, b.____ Clarity of the Strategic Issue, c.____ Quality of the Questions Asked, d.____ Overall Organization, e.____ Comprehensive Coverage of Topic.

7. Optional, Do you have any closing comments regarding this course?

GRADE SUMMARY

The following guidelines for developing course grades for case writing students are based on the point distribution in the example schedule and reproduced below. The focus of the grade will reflect the students written group and individual case. The point distribution will be broken down by category and further explained.

Point Distribution:		Grading Scale:	
Group Case	250	A+	970 - 1000
Group Case Presentation	100	A	900 - 969
Individual Case	250	B+	870 - 899
Individual Case Presentation	100	B	800 - 869
Quizzes/Misc.	100	C+	770 - 799
Attendance/Participation	100	C	700 - 769
Final	100	D+	670 - 699
	===	D	600 - 669
Total	1000	F	0 - 599

Group Case: 250 points

This grade consists of 200 points for the written case (evaluated using the form on page 28) and 50 points for individual participation in the group project. Only one grade is issued for the written case and therefore all members within the group will receive the same number of points for the written case. The remaining 50 points is used to reflect the individual's contribution to the overall project. This is a subjective grade issued by the professor based on the group and self-evaluations and the professor's observations. A worksheet is provided on page 37 which can be used to track this portion of the overall grade.

Group Case Presentation: 100 points

This grade is calculated using the presentation evaluation form on page 30.

Individual Case: 250 points

This grade is calculated using the same written case evaluation form which is used to evaluate the group written case.

Individual Case Presentation: 100 points

The presentation grade is determined using the same presentation form which is used to analyze the group presentations.

Quizzes/Misc.: 100 points

There are many opportunities for quiz points throughout the course. For example, students can receive points the following; students information sheet, list of references, abstract, and drafts. This provides further incentive for students to turn in their assignments on time.

Attendance/Participation: 100 points

This grade is determined at the instructor's discretion.

Final Exam: 100 points

GROUP CASE GRADING SUMMARY

250 points possible

Group Member:	Written Case Grade: 200 points max.	Individual Participation: 50 points max.	Total: 250 points max.
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

CASE

WRITING

EXAMPLE

CORPORATE TURBULENCE:
THE SURVIVAL OF LEARJET

Prepared By:

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Wichita State University
1991

INTRODUCTION

Beverly Lancaster, chairman of the board and chief executive officer of Learjet, Brian Barents, Learjet's president and chief operating officer, and their management team knew they had a crucial decision to make in February 1990. Learjet's parent corporation, Integrated Resources, had just filed for Chapter 11 bankruptcy, and Learjet's executives would have to take charge of the company's destiny. Barents, who had joined Learjet in March 1989, was relatively new in the company when rumors concerning Integrated Resources weak financial condition began circulating in the middle of 1989. When he was hired, Barents knew he would have a struggle in the fight to make Learjet a profitable concern once more; however, he little dreamed he would be working under the additional burden of a failing parent company (Robinson, 1990).

HISTORY OF LEARJET

Learjet, Inc. is world-renowned as the manufacturer of premier business jets. The company was organized in the late 1950s under the direction and funding of William P. Lear, Sr. The company began its operations in Switzerland under its original name of the Swiss American Aviation Corporation. On June 8, 1962, Lear announced that the company's manufacturing operations would be moved to Wichita, Kansas, and its name would be changed to the Lear Jet Corporation in August 1962 (Neal, 1989). Lear's decision to move its production facilities to Wichita in 1962 reflected a desire on the company's part to take advantage of the technological and personnel resources available in Wichita. Initially funded by the profits of the oil boom of the 1910-20 era, the general aviation industry had evolved through the decades of the 1920's and 1930's and 1940's to the point where two of the "big three" manufacturers of general aviation aircraft were headquartered in Wichita. Walter Beech and Clyde Cessna, and the companies which carried their names, were survivors of a half century's worth of companies that had dabbled in the field of airplane manufacturing in the Wichita area. From 1920 on, men like Beech (who had served in the Army Air Corps in World War I) and Cessna (who was a farmer who built airplanes as a hobby) as well as individuals less well known had nurtured the aviation industry in Wichita. The real impetus to the growth of the industry were the contracts that were obtained by the Wichita aviation companies during World War II and the cold war which followed. For Beech and, to a lesser degree, Cessna the funding obtained from government contracts was substantial enough to continue to develop Wichita as a center for the general aviation industry (Miller & Skaggs, 1978).

Lear Jet began manufacturing business jets and gained a reputation for building the finest business jets in the industry. However, by 1967, the company was experiencing difficulties in meeting its financial obligations. William Lear sold the company to Gates Rubber Company, and the company's name became Gates Learjet Corporation (Anonymous, October 1990).

For the next several years, the company dominated the business jet market. Increased competition during the late 1970s, primarily from the Cessna Citation, caused Learjet to lose a substantial portion of its market share. By 1985, the Citation accounted for 41% of all business jet sales, and Learjet claimed only 14% (Ivey, 1986). This struggle in a competitive market, combined with a slump in the general aviation industry which caused difficulties for all manufacturers of small aircraft, weakened Learjet's ability to operate as a profitable concern.

Because of the lack of profitable operations in its primary business, Gates Rubber Company was unable to update its capital assets at Gates Learjet to effectively compete in the current business jet market. The combination of poor current performance and questionable future value led the Gates Rubber Company to accept bids on its Learjet stock. After several tender offers to buy its share of Learjet, Gates accepted an offer from Integrated Acquisitions in August, 1987, a subsidiary of Integrated Resources, Inc. The remaining stock in Learjet was acquired by Integrated Acquisitions later in the year through a tender offer (Anonymous, 1987).

COMPETITIVE ENVIRONMENT

The general aviation industry had offered prosperity to its members for several decades, until a combination of economic difficulties hit the industry in the 1980s. Product liability was having a disastrous effect on general aviation companies as lawsuit awards and lawyer fees increased by large margins. The general condition of the American economy entered a recessionary period, which caused the shareholders to question the need for business jets in their companies. For those companies who still wanted the convenience and prestige of owning a business jet, used jets could be purchased for significantly less than newly manufactured, comparable aircraft. In this instance, the success of the preceding years was actually hindering the company productivity now. The aircraft of the sixties and seventies that was built to last was lasting into the eighties, essentially holding down sales of new Learjets.

The overall weakness in the general aviation industry had taken its toll on the

firms in the industry. The combination of large capital expenditures, low profitability, and sluggish sales made independence impossible for the companies in the business. Out of the nine firms manufacturing business jets worldwide in 1984, only Learjet, Cessna, and Gulfstream Aerospace were still independently owned. Then, during 1985, Cessna and Gulfstream Aerospace were purchased by larger parents, General Dynamics and Chrysler, respectively, leaving Learjet the sole independently-owned manufacturer of business jets (Ivey, 1986).

LEARJET: A SUBSIDIARY OF INTEGRATED RESOURCES

Integrated Resources was a diversified financial services organization involved primarily in life insurance and investment programs. Learjet was a wholly-owned subsidiary, which Integrated Resources had purchased through Integrated Acquisitions primarily as a speculative investment. Integrated Resources owned no similar businesses and was apparently uninterested in learning about the new industry. With total assets valued at $7,875,779,000 in 1988 (Integrated Resources: Annual Report, 1988), its investment in Learjet of approximately $90,000,000 (Anonymous, 1987) was not substantial within the scope of overall business operations.

As a consequence, Integrated Resources invested neither time nor money into making Learjet a profitable concern. Under Integrated Resources's neglectful parenting, Learjet continued suffering from unprofitable operations. Integrated Resources never intended to keep Learjet for the long-term and planned to recover their investment within 5-7 years. Consequently, Integrated Resources began seizing opportunities to recover its investment in Learjet soon after the acquisition. In fact, Integrated Resources had recovered a substantial percentage of its investment in Learjet prior to its bankruptcy through the sale of subsidiaries such as the Combs-Gates fixed base operation chain.

The situation went from bad to worse when it became evident that Integrated Resources was financially weak and short of cash. In June, 1989, Integrated Resources defaulted on $955 million in short-term debt (Sandler, 1989), making evident that the financial condition of Learjet's parent was extremely poor. Integrated made several attempts to regain its financial stability and restructure its debt, but the measures were too little, too late. After several tries to either improve the situation of the company or sell the firm to a prospective buyer, Integrated Resources declared Chapter 11 bankruptcy on February 14, 1990 (Robinson, 1990).

WILL LEARJET FIND A NEW COURSE TO NAVIGATE?

With this action, Learjet finds itself in its current, unenviable position of trying to salvage a future. As an asset of Integrated Resources, any action towards liquidation or sale of Learjet must be approved by the bankruptcy court. This fact, however, is far from the minds of the individuals who must decide the best course to take with Learjet. The executives of the company realize that the stability of Learjet has suffered during the past two and a half years due, in part, to the unfortunate decision to sell Learjet to Integrated Resources, a company not interested in making the company more competitive in the current tight business jet market. Another such mistake may bring the weakened Learjet to the same desperate situation that Integrated Resources is currently facing. With these facts in mind, Lancaster, the CEO, Barents, the president, and the other executives of Learjet must make a decision which will affect their own careers and the jobs of over 2,500 people (Directory of Corporate Affiliations, 1991).

QUESTIONS

1. What are the key environmental issues impacting general aviation during this time frame?

2. What are the available options for Learjet? What are the relative negatives and positives of each option?

3. Which of the alternatives would you recommend for Learjet?

CORPORATE TURBULENCE: THE SURVIVAL OF LEARJET

CASE NOTE

CASE OVERVIEW

Learjet, Inc. is world-renowned for manufacturing the finest business jets in the aircraft industry. Although the company dominated the premier business jet market until the 1980s, increased competition caused Learjet to lose substantial market share. This competition, along with a slump in general aviation, product liability concerns, and other economic problems, weakened Learjet's ability to operate as a profitable concern. Because of these difficulties, in August 1987, the company accepted a tender offer from Integrated Acquisitions (a subsidiary of Integrated Resources, Inc.).

Integrated Resources purchased Learjet primarily as a speculative investment. This new parent company owned no similar businesses and was apparently uninterested in learning about the new industry. With Integrated Resources' investment in Learjet being relatively immaterial, the parent company invested neither the time nor money into making Learjet a profitable concern. Under this neglectful parenting, Learjet continued suffering from unprofitable operations. This situation worsened when it became evident that Integrated Resources itself was financially weak and short of cash. After several tries to either improve the situation of the company or sell the firm, Integrated Resources declared Chapter 11 bankruptcy on February 14, 1990.

With this action, Learjet found itself in an unenviable position of trying to salvage a future. Learjet executives were faced with making decisions which would affect not only their careers, but the jobs of over 2,500 people as well.

On April 27, 1990, Bombardier was granted approval by the bankruptcy court to purchase Learjet. Involved in a variety of complementary processes such as trains, heavy equipment and Canadair business jets, this Canadian company appears to offer Learjet the best possible solution to the serious problem of its survival.

TEACHING OBJECTIVES

1. To provide students the opportunity to respond to the strategic issue of corporate survival in a period when corporate acquisitions, mergers, and/or dismantlement is frequent.

2. Allows the opportunity to consider numerous alternatives to a crisis situation.

3. Allows the student to consider the role played by the external environment in corporate decision-making.

4. Allows conclusions to be drawn concerning complex strategic issues from numerous perspectives, i.e. management, labor, buyer, seller.

5. Challenges students to implement and defend the most appropriate decision in light of facts presented.

6. With outcomes being uncertain at best, this exercise encourages students to participate in a real world application much like they will deal with in the dynamic turbulent business environment.

QUESTIONS

1. What are the key environmental issues impacting general aviation during this time frame?

A. PRODUCT LIABILITY. Product liability emerged as a significant issue during the 1970's and 1980's and currently remains as a vital hindrance to general aviation at the present time.

B. COST OF FUEL. In the time period discussed in this case, the rising cost of fuel had a profound impact on the industry. This issue has fostered a demand for the development of more technologically advanced and fuel efficient business aircraft.

C. GOVERNMENT REGULATION. Government regulation has become more stringent throughout this period. The manufacturing process has born increased regulation which has limited the capability for new entrance into this industry.

D. AIRLINE DEREGULATION. Airline deregulation has both positively and negatively impacted the business aircraft marketplace. For example, many direct flights were cancelled by airlines, thus creating increased demand for business aircraft, consequently, new flights were added, which decreased demand for certain business aviation users.

F. ECONOMY. The history of Learjet has paralleled increases and declines in the United States' economy. The demand for business aircraft is directly related to the performance of the United States' economy.

G. INCREASED COMPETITION IN GENERAL AVIATION. Learjet was a pioneering leader in the business jet market. After their initial success, increased competition came from similar domestic general aviation firms such as Cessna, Beech, Rockwell, Aero Commander, and others. International competition further expanded the marketplace through business jet offerings from firms such as Canadair, British Aerospace, Falcon Jet, Israeli aircraft, and others.

2. What are the available options for Learjet? What are the relative negatives and positives of each option?

A. BUYOUT BY MANAGEMENT. This option is similar to the employee buyout, except that only the top management would be invited to participate in the purchase. Again the buyers, in this case, the executives, would have to have access to sufficient funds to both purchase the company's assets and fund the necessary capital improvements. Ordinarily, this would require the borrowing of large amounts of cash, both by the management team and by the company itself. In order to take such large personal risks, management would have to be extremely confident in the future success of the company.

B. EMPLOYEE BUYOUT. This solution has been in vogue during the past decade. This would require the employee work force and management to put up the money for the purchase of the company. The fact that the employees actually own a company tends to have a positive effect on the morale of the company. However, one of the difficulties in implementing this solution is that the employees must be willing and able to buy the company. This means that the employees must have access to enough cash, through both personal assets and financing, to purchase the company. Often in this type of buyout, the company is forced to borrow large amounts of money to fund any needed capital expenditures.

C. MERGER WITH A SIMILAR FIRM. This option has the benefit of offering the opportunity for a larger capital base. However, this choice also has several weaknesses which would become important in this particular situation. One problem with this solution is that a merger means that the operations of Learjet would be combined with those of another company. This would involve the problem of merging management, as well as work forces. In many cases, this is an unpopular option amongst managers.

Another consideration under this option is that, in a merger situation, negotiations are lengthy and cover the relative strengths and weaknesses of both businesses. The object of the negotiations, once the merger has been agreed to, would be to determine which sections of the businesses will be given priority when assigning the assets, such as the funds and management's time, of the company created in the merger. In order for a merger to be beneficial to both companies, it is best if the companies have relatively equal bargaining positions. If one company is in an obviously weakened position, the operations of its manufacturing plants and sales force would probably be listed lower on the priority list, which would make this option less appealing for its executives. The chance of Learjet finding a similar firm with which to merge is slim in the current environment. All of Learjet's direct competitors are currently owned by parent companies. A merger with a firm in another aspect of general aviation is possible, but the benefits for both organizations would have to be substantial for such an event to occur.

D. MANAGEMENT ARRANGED SALE-DOMESTICALLY. This option would involve putting Learjet up for sale to attract the right American firm. An ideal purchasing firm would be experienced in the industry and have the ability and desire to invest sufficient funds into Learjet to make it an industry leader once again. The major drawback to this plan is that a parent company will remove some of the control from Learjet's management which some of the other options might allow them to keep.

E. MANAGEMENT ARRANGED SALE-INTERNATIONALLY. This option is identical to the previous alternative of selling Learjet domestically, except that in this scenario, Learjet would be open to purchase by foreign companies as well. Considering the current American economy and the desire for worldwide expansion by many companies, this solution may offer Learjet more options than many other alternatives. The possible problems, in addition to the loss of control by Learjet's management, are the typical difficulties facing multi-national companies, such as cultural differences, changes in monetary rates, and unfavorable government regulations.

F. DIVIDE LEARJET AND SELL IT IN SECTIONS. This solution is similar to the liquidation option, except that larger areas or divisions would be sold as a unit to willing buyers. Again, many of the employees would be laid-off, as the purchasing companies avoid duplication between the duties and abilities of their own employees and the employees of the segments purchased. More than likely, most of the management team would be relieved of their duties quickly after the sale of the assets. This option is best used by companies which have obviously segmented areas of operations and have management groups who wish to abandon the firm entirely.

G. LIQUIDATE. This is an unpleasant option. This choice would mean that all employees are laid-off and the company is sold in an asset-by-asset process. More than likely, the price received on assets would be less than fair market in this type of sacrifice sale. However, liquidation would be a quick end to the problems of operating an unprofitable firm. This solution is most suited for companies which have little or no market potential as a whole and whose management wishes to be quickly finished with a bad situation.

3. Which of the alternatives would you recommend for Learjet?

Several of the alternatives are viable in the case of Learjet. The actual selection would depend on what opportunities were available in 1990. Considering this limitation of having to accept what the market offers, the following alternatives, listed in order of preference, would be suitable solutions for Learjet's current problem.

The best single solution, if possible, would be to sell Learjet domestically. Considering the lack of capital investment in the last several years in Learjet's operations, the company is in need of an immediate financial boost to update its equipment. This rapid cash outlay would be most available from an interested parent company who is anxious to enable Learjet to regain its market domination. Purchase by the right firm would give Learjet this needed influx of funds.

The next best solution, assuming no domestic firms fitting the profile of an appropriate parent are available, would be to sell Learjet on the international market. This option ranks below the option of the domestic sale only because of the additional problems in dealing with foreign parent companies. In many cases, these problems are only minor considerations, and can be dealt with easily once management has acknowledged their existence and the possible related problems.

The third most appropriate option is for Learjet to merge with a similar firm. This could give Learjet access to the needed funds to revitalize its operations, providing that the other firm has either a strong cash flow or a good credit rating. However, finding a firm which is willing to risk its entire financial health by merging with a company of low profitability and questionable future would be quite difficult. There is also the problem under this option of being dealt leftovers in the merger process due to Learjet's weakened bargaining position.

If none of the preceding alternatives are viable, the next option recommended is either the employee buyout or the management buyout. Although this option would mean that both the employees and the company would have to borrow money to finance the purchase and the rebuilding of capital assets, respectively, the company would still be able to function as a going concern. The employees would be able to remain at their jobs and Learjet could still continue to manufacture airplanes. The major problem with this alternative is that Learjet would have to service a significant amount of debt through income from its operations. Considering the past performance of the company, this would appear to be a large gamble to take with Learjet's financial health in the future.

The last alternatives would be to liquidate Learjet, either by dividing it into sections or by selling the assets one-by-one. These options should be exercised only if all other choices are unrealistic in the current market. Both of these alternatives would mean a halt in the operation of Learjet as a whole and the loss of most, if not all, of the employees' jobs.

GENERAL DISCUSSION

Bombardier has demonstrated its commitment to Learjet through significant investment in the capital assets of Learjet since the acquisition. Bombardier initiated substantial development of the Learjet physical facilities through immediately building a completion and flight testing center for the Canadair Regional Jet at Learjet's Wichita facility. Additional financial investment in the form of upgrading the production facilities at Learjet is being done which had been neglected in past years.

Bombardier, unlike the previous two parent companies to Learjet, has aircraft manufacturing as a primary line of business. Bombardier manufactures the Canadair line of business jets which are completely complimentary to the Learjet series. The Canadair jet would be a likely upgrade for present and future Learjet owners. They also own the Short brothers' regional turbo-prop manufacturing

company in Ireland. This company produces a popular regional airliner which has a substantial international market position. Bombardier is continuing to further their market share in the regional airline industry through the introduction of the 50-seat Canadair regional jet.

With this understanding of the aircraft industry, Bombardier will undoubtedly effect a superior business environment for Learjet. Thus, Learjet may begin taking measures to increase its competitiveness in the business jet marketplace.

AUTHOR'S COMMENTS

After Integrated Resources announced that it had filed for Chapter 11 bankruptcy on February 14, 1990, Learjet Corporation chose to place itself up for sale on both the domestic and international markets. Gulfstream Aerospace, then a subsidiary of Chrysler, entered into negotiations to purchase Learjet. However, before negotiations could be finalized between Gulfstream and Learjet, Chrysler decided to sell Gulfstream, thus forcing them to drop out of negotiations with Learjet.

By April 10, 1990, Bombardier, Inc. announced its plans to purchase Learjet, and on April 27, 1990, approval was granted by the bankruptcy court (Anonymous, June 1990). Bombardier is a Canadian company which is involved in a variety of transportation equipment, including trains, heavy equipment, jet-skis, snowmobiles, monorails, and aircraft.

Within the aircraft industry, Bombardier made its first acquisition in 1986 when it purchased Canadair Ltd. from the Canadian government. Canadair manufactures the Canadair Challenger series business jet, which at a twenty passenger capacity has twice the potential load of a Learjet. Canadair also is developing a new Canadair 50 passenger Regional Jet, designed for the "thin service" commercial airline market.

In 1989, Bombardier made its second major aerospace acquisition when it purchased Short Brothers PLC from the British government. Short Brothers is a manufacturer of regional turboprop passenger aircraft as well as military freighters and trainers.

The astute acquisition ability of Bombardier has allowed them to build a transportation conglomerate in under twenty years. The addition of Learjet, according to Laurent Beaudoin, Bombardier's Chairman and CEO will allow them

to "broaden our business and forge a stronger presence in the world business jet market" (Anonymous, June 1990). Beaudoin continues, "By uniting the resources of Bombardier and Learjet, Bombardier will provide Learjet with adequate funds to give it the capital structure it needs to ensure its future and its growth" (Anonymous, June 1990). Bombardier would appear to offer Learjet the best possible solution to the serious problem of its survival.

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